
NO/AIDS TASK FORCE
FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/2/11



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NO/AIDS TASK FORCE
FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
NO/AIDS Task Force
New Orleans, Louisiana

We have audited the accompanying statements of financial position of NO/AIDS Task Force (the Task Force) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Task Force as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010, on our consideration of the Task Force's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Task Force taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
December 28, 2010

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NO/AIDS TASK FORCE

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash	\$ 1,256,663	\$ 1,137,460
Reimbursements receivable	3,461,109	2,385,557
Prepaid expenses	84,300	20,872
Deposits	9,373	9,205
Investments	568,299	-
Equipment and leasehold improvements, less accumulated depreciation and amortization	<u>702,598</u>	<u>662,914</u>
<u>TOTAL ASSETS</u>	<u>\$ 6,082,342</u>	<u>\$ 4,216,008</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 1,210,534	\$ 636,544
Accrued payroll	161,410	115,663
Accrued compensated absences	152,015	186,629
Reimbursable advance	186,609	479,215
Capital lease obligations	32,508	43,623
Notes payable	<u>165,520</u>	<u>183,764</u>
Total liabilities	<u>1,908,596</u>	<u>1,645,438</u>

NET ASSETS

Unrestricted	4,173,746	2,565,570
Temporarily restricted	<u>-</u>	<u>5,000</u>
Total net assets	<u>4,173,746</u>	<u>2,570,570</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 6,082,342</u>	<u>\$ 4,216,008</u>

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Grants and contracts	\$ 12,066,797	\$ -	\$ 12,066,797
Fund raising	745,018	-	745,018
Pledges and contributions	273,310	-	273,310
Other support and revenue	124,577	-	124,577
Net assets released from restrictions	5,000	(5,000)	-
Total public support and revenue	<u>13,214,702</u>	<u>(5,000)</u>	<u>13,209,702</u>
<u>EXPENSES</u>			
Program services	10,497,759	-	10,497,759
Support services	1,108,767	-	1,108,767
Total expenses	<u>11,606,526</u>	<u>-</u>	<u>11,606,526</u>
<u>CHANGE IN NET ASSETS</u>	1,608,176	(5,000)	1,603,176
Net assets, beginning of year	<u>2,565,570</u>	<u>5,000</u>	<u>2,570,570</u>
Net assets, end of year	<u>\$ 4,173,746</u>	<u>\$ -</u>	<u>\$ 4,173,746</u>

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Grants and contracts	\$ 8,845,329	\$ -	\$ 8,845,329
Fund raising	330,464	5,000	335,464
Pledges and contributions	352,252	-	352,252
Other support and revenue	109,570	-	109,570
Net assets released from restrictions	13,396	(13,396)	-
Total public support and revenue	<u>9,651,011</u>	<u>(8,396)</u>	<u>9,642,615</u>
<u>EXPENSES</u>			
Program services	8,218,667	-	8,218,667
Support services	<u>1,072,736</u>	<u>-</u>	<u>1,072,736</u>
Total expenses	<u>9,291,403</u>	<u>-</u>	<u>9,291,403</u>
<u>CHANGE IN NET ASSETS</u>	359,608	(8,396)	351,212
Net assets, beginning of year	<u>2,205,962</u>	<u>13,396</u>	<u>2,219,358</u>
Net assets, end of year	<u>\$ 2,565,570</u>	<u>\$ 5,000</u>	<u>\$ 2,570,570</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2009

	Program Services						Supporting Services					
	Education	Primary Medical Care	Care Management	Mental Health	Fund for Friends	Housing	Medications	Total	Manufacturing and General	Fund Raising	Total	Total Expenses
Salaries	\$ 504,872	\$ 634,672	\$ 575,742	\$ 213,533	\$ 82,853	\$ 203,409	\$ 68,262	\$ 2,283,363	\$ 406,339	\$ 111,037	\$ 517,376	\$ 2,800,739
Employee health and retirement benefits	104,129	80,396	108,269	34,435	14,856	36,283	12,808	391,176	48,147	23,045	71,192	462,368
Payroll taxes	39,130	45,483	43,903	16,001	6,245	15,461	5,223	171,446	28,262	5,494	36,756	208,202
Total salaries and related expenses	648,131	760,551	727,914	263,989	103,954	255,153	86,293	2,845,985	482,748	142,576	625,324	3,471,309
Fees and contract expenses	16,349	228,987	5,281	160,561	2,149	17,769	1,809	432,905	78,002	15,468	93,470	526,375
Supplies and materials	65,030	32,503	9,627	13,077	165,322	23,585	3,746	312,890	4,363	42,206	46,569	359,459
Telephone	14,138	7,225	12,574	4,140	1,585	10,470	958	51,090	4,048	1,567	5,615	56,703
Postage	3,566	3,885	6,625	1,815	601	1,410	1,238	19,140	2,661	4,079	6,740	25,380
Occupancy	57,882	47,571	65,371	31,815	8,077	31,526	21,460	263,702	21,321	13,500	34,821	298,523
Equipment costs	13,308	24,788	17,447	10,172	2,197	16,617	2,287	86,816	11,358	3,779	15,137	101,953
Transportation	2,561	422	62,109	1,773	821	10,235	-	77,721	914	26	940	78,661
Conference	23,589	20,070	21,053	23,910	14,749	19,707	14,144	137,222	22,802	17,846	40,648	177,870
Printing and media	-	-	-	-	-	-	-	-	-	23,839	23,839	23,839
Client assistance	-	-	30,427	-	-	877,198	-	907,625	-	-	-	907,625
Medication	-	-	-	-	-	-	-	-	-	-	-	2,606,846
Insurance	20,434	14,576	18,324	8,838	1,931	7,939	2,533	74,575	9,010	4,176	13,186	87,761
Lab tests	-	251,309	-	-	-	-	-	251,309	-	-	-	251,309
Advertising and community support	5,560	8,315	5,035	1,960	352	2,249	490	23,951	10,876	86,106	96,982	120,933
Site expenses	-	-	-	-	-	-	-	-	-	-	-	-
Entertainment and volunteer recognition	12,601	1,421	1,421	1,421	1,421	1,421	1,421	21,127	1,421	1,421	2,842	23,969
Continuing education	300	1,175	278	1,142	-	309	-	3,204	1,478	953	2,431	5,635
Miscellaneous	335	5,685	1,482	-	785	1,467	750	10,511	1,937	639	2,576	13,087
Total expenses before depreciation, amortization & interest	883,584	1,408,483	984,965	524,613	303,944	1,277,055	2,743,975	8,126,619	652,939	406,649	1,059,588	9,186,207
Depreciation and amortization	17,872	23,546	16,311	9,031	904	8,913	1,624	78,221	7,030	3,155	10,185	88,406
Interest	36	6,990	73	25	11	11	6,681	13,827	2,946	17	2,963	16,790
Total expenses	\$ 901,492	\$ 1,439,019	\$ 1,001,349	\$ 533,689	\$ 304,859	\$ 1,285,979	\$ 2,752,280	\$ 8,218,667	\$ 662,915	\$ 409,821	\$ 1,072,736	\$ 9,291,403

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,603,176	\$ 351,212
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	132,902	88,406
Changes in assets and liabilities:		
Reimbursements receivable	(1,075,552)	(380,772)
Prepaid expenses	(63,428)	24,901
Deposits	(168)	-
Accounts payable	573,990	(311,561)
Accrued expenses	11,133	90,698
Reimbursable advance	(292,606)	163,897
Net cash provided by operating activities	<u>889,447</u>	<u>26,781</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment and leasehold improvements	(172,586)	(167,603)
Purchase of investments	(568,299)	-
Net cash used in investing activities	<u>(740,885)</u>	<u>(167,603)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net change in line of credit	-	(83,952)
Issuance of note payable	-	80,000
Payments on capital lease obligation	(11,115)	(16,753)
Payments on note payable	(18,244)	(12,236)
Net cash used in financing activities	<u>(29,359)</u>	<u>(32,941)</u>
Change in cash	119,203	(173,763)
Cash at beginning of year	1,137,460	1,311,223
Cash at end of year	<u>\$ 1,256,663</u>	<u>\$ 1,137,460</u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
Interest paid	<u>\$ 13,175</u>	<u>\$ 16,790</u>

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

1. Summary of Significant Accounting Policies

Organization

NO/AIDS Task Force (the Task Force) is a nonprofit organization providing support and services to people infected and affected by acquired immune deficiency syndrome (AIDS) and human immunodeficiency virus (HIV) in the Southeast Louisiana region. The Task Force also offers educational programs and informational materials to the general public, in order to prevent more people from becoming infected and to build awareness of the serious medical, legal, social and emotional problems faced by those already infected. The Task Force also provides a continuance of care and supportive services for individuals and families living with HIV disease. The Task Force's programs are as follows:

Education

Education continues to be the best method for slowing the spread of HIV/AIDS. This program's goal is making the community aware that prevention is vital to reducing the spread of HIV. The Task Force uses community and venue-based outreach to talk to adolescents, injection drug users and other high-risk individuals in a non-threatening and non-judgmental manner about their behavior. A community mobilization project develops partnerships to design and implement prevention projects in the New Orleans French Quarter community. Additionally, the Task Force operates specific evidence-based interventions (including HIV antibody counseling, testing and referral) that are supported by scientific research. The Education program also performs health education presentations throughout Southeast Louisiana.

Primary Medical Care

The Task Force operates a full service clinic which provides medical care to over 900 individuals. The Task Force employs one full-time and one part-time physician, two full-time nurse practitioners, two full-time registered nurses and one part-time licensed practical nurse. The clinic is open five days a week and provides care to all HIV-infected individuals in need.

Case Management

The Task Force provides case managers who serve as liaisons between clients and the network of community resources to ensure that the infected live comfortably and with dignity. Case managers work with those living with HIV and AIDS to develop a plan of care that addresses their medical, financial, emotional and social needs.

Mental Health

The Task Force offers short-term individual counseling to help HIV-infected and affected individuals cope with the complex emotional, physical and practical problems they face. Support groups are offered on a regular basis and, if needed, appointments are offered with a psychiatrist once a week.

Food for Friends

The Task Force delivers twenty prepared, well-balanced meals each week to HIV-infected individuals who are unable to provide meals for themselves. Additionally, a food pantry supplements the clients' needs with nonperishable food items and personal care items.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Housing

The Task Force provides assistance to HIV-infected individuals to obtain acceptable and affordable housing. Additionally, the Task Force provides a program where individual and group level support is offered by trained peers living with HIV/AIDS.

Housing Support Services

Housing Support Services is funded by the State of Louisiana to assist persons with significant disabilities to obtain and maintain housing in the community. The supports provided are individualized to the tenant's needs.

Medication

The Task Force contracts with a local pharmacy to provide medication to HIV-infected individuals. The Task Force also assists with insurance (and medical) co-payments for qualified individuals. Staff assists eligible clients in enrolling in pharmaceutical medication assistance programs for access to free or low cost medications. The Task Force is a covered entity in the U.S. Department of Health and Human Services, Health Resources and Services Administration, Office of Pharmacy Affairs and participates in the 340B Drug Pricing Program whereby medications are purchased by a qualified third party pharmacy company for Task Force clients at a discounted price, resulting in revenue for the Task Force based on these savings. Revenues of \$3,746,258 and \$2,004,350 and related expenses of \$2,500,520 and \$1,114,450 were recognized in 2010 and 2009 related to this program and are included in grants and contracts revenue and program expenses, respectively in the accompanying statements of activities.

Basis of Presentation

The accompanying financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions whose restrictions are met in the same reporting period as the contribution are shown as unrestricted contributions.

The Task Force reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Tax Status

The Task Force is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and it is not a private foundation.

In July 2006, the Financial Accounting Standards Board issued Accounting for Uncertainty in Income Taxes, which clarifies the accounting and disclosure for uncertain tax positions. This interpretation requires organizations to use a prescribed model for assessing the financial statement recognition and measurement of all tax positions taken or expected to be taken in tax returns. The Task Force applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Task Force has reviewed its tax positions and determined there were no outstanding or retrospective tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities; therefore implementation of this standard has not had a material effect on the Task Force.

The Task Force's tax returns for the years ended June 30, 2009, and June 30, 2008 remain open and subject to examination by taxing authorities. The tax return for the year ended June 30, 2010 has not been filed as of the report date.

Reimbursements Receivable

Reimbursements receivable are comprised primarily of reimbursements from federal agencies. The Task Force uses the allowance method to account for uncollectible reimbursements. Reimbursements are charged against the allowance when deemed to be uncollectible. The allowance is based on management's estimate of possible uncollectible reimbursements. Due to reimbursements being due primarily from federal agencies with minimal risks of nonpayment based on the Task Force's past experience with these agencies, all amounts due are considered collectible and therefore no allowance is reflected in these accompanying financials at both June 30, 2010 or 2009. Reimbursement receivables over 90 days due were \$1,073,585 and \$489,807 at June 30, 2010 and 2009, respectively.

Investments

Investments consist of bond mutual funds at June 30, 2010. Investments are stated at fair value in the accompanying statements of financial position (see Note 9). Gains and losses, both realized and unrealized and ordinary income from investments are recognized in the change in net assets in the accompanying statements of activities in the classification that reported the assets.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. The Task Force capitalizes all expenditures for equipment in excess of \$1,000; the fair value of donated assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the term of the related lease.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Reimbursable Advance

Reimbursable advance represents funds received in advance from grantors. These funds are to be expended for grant services to be provided in the years subsequent to their receipt.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Task Force have been summarized on a functional basis in the accompanying statements of functional expenses. In preparing these statements, certain costs such as occupancy, telephone and supplies have been allocated among the various programs and supporting services on the basis of program expenses to total expenses in each activity.

Donated Services

Donated services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. During fiscal years 2010 and 2009, a news publication company donated advertising space and services, primarily for fund raising activities. The estimated value of these donated services and the corresponding expenses for the years ended June 30, 2010 and 2009, was \$48,681 and \$47,315, respectively, and is reflected in the accompanying financial statements as other support and revenue and support service expenses.

Absent donor stipulations regarding how long those donated assets must be maintained, the Task Force reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Task Force reclassifies temporarily restricted net assets to unrestricted net assets at that time. If a time restriction has been stipulated by the donor, the expiration of this restriction is reported as the related asset is depreciated.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

1. Summary of Significant Accounting Policies (continued)

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals is to promote the Task Force's fund-raising events and raise awareness of the disease and its prevention.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Task Force's estimates include those regarding the fair value of donated materials and services.

2. Equipment and Leasehold Improvements

Equipment and leasehold improvements are summarized as follows at June 30:

	<u>Useful Life</u>	<u>2010</u>	<u>2009</u>
Computer equipment and software	3 to 5 years	\$ 340,925	\$ 263,506
Office furniture, fixtures and equipment	3 to 5 years	220,070	181,365
Leasehold improvements	3 to 5 years	153,696	115,300
Mobile medical unit	10 years	210,000	210,000
Building	30 years	93,000	93,000
Land	-	23,000	23,000
Equipment - not in use	-	<u>143,983</u>	<u>143,983</u>
		1,184,674	1,030,154
Less: Accumulated depreciation and amortization		<u>482,076</u>	<u>367,240</u>
		<u>\$ 702,598</u>	<u>\$ 662,914</u>

The Task Force purchased equipment that was delivered in 2008. Although the equipment was not being used in the operations at June 30, 2010, the Task Force intends on placing it into service in 2011.

3. Lines of Credit

The Task Force has two unsecured lines of credit with financial institutions, both of which have open maturity dates. There were no outstanding borrowings against these lines of credit as of June 30, 2010 and 2009. The first line of credit for \$250,000 carries interest at the financial institution's prime rate plus 1.0% and the second line of credit for \$100,000 carries interest at the financial institution's prime rate plus 0.5%.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

4. Capital Lease Obligations

During 2008, the Task Force leased phone equipment and a medical software program with a cost basis of \$69,508 under capital leases. These items are included in computer software and office equipment in the accompanying 2010 and 2009 statement of financial position, and the related amortization is included in accumulated depreciation and amortization and depreciation and amortization expense. The net book value at June 30, 2010 and June 30, 2009 was \$30,671 and \$47,105, respectively.

Future minimum lease payments under capital lease for years succeeding June 30, 2010, are as follows:

2011	\$ 16,306
2012	16,306
2013	<u>5,435</u>
Total minimum lease payments	38,047
Less amounts representing interest	<u>5,539</u>
Present value of minimum capital lease payments	<u>\$ 32,508</u>

5. Notes Payable

In June 2008, the Task Force purchased a building for \$116,000 in the Houma, Louisiana region to serve as an office and clinic in that area. The Task Force purchased the property with funds acquired through the issuance of a note payable to a bank. The note has a stated interest of 5.95% and is due in 92 equal monthly installments of principal and interest of \$1,575. The note is collateralized by the Task Force's account at that bank. The outstanding balances related to this loan were \$90,705 and \$103,764 at June 30, 2010 and 2009, respectively.

In June 2009, the Task Force received a loan from Newcorp Business Assistance Center in the amount of \$80,000. The note accrues no interest for a period of two years from the date of the promissory note, ending June 9, 2011. Thereafter, the outstanding loan balance will begin to accrue interest at a rate of 4.00% annually until the loan is paid in full. The outstanding balances related to this loan were \$74,815 and \$80,000 at June 30, 2010 and 2009, respectively.

Maturities of the notes payable for the five fiscal years subsequent to June 30, 2010 are as follows:

2011	\$ 31,663
2012	31,807
2013	33,403
2014	35,083
2015	17,605

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

6. Restrictions on Net Assets

Temporarily restricted net assets as of June 30, 2009 related to cash donations received in fiscal year 2009 that were for use in the Task Force's fiscal year 2010. There were no temporarily restricted net assets as of June 30, 2010.

7. Commitments and Contingencies

Operating Leases

The Task Force leases its administrative headquarters which also serves as an operational facility under a non-cancelable operating lease at a monthly rent of \$34,300 until the lease expiration in March 2011. In addition, the Task Force leases another operating facility for program activities on a monthly basis for \$1,500 per month.

Rental expense relating to these leases was approximately \$326,200 and \$284,400 for the years ended June 30, 2010 and 2009, respectively.

Concentrations

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. The Task Force intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. The Task Force, by accepting the grants and their terms, has agreed to the conditions of the donors. Government grants represented approximately 91% and 92% of the Task Force's total support and revenue for fiscal 2010 and 2009, respectively. In addition, the balance of reimbursements receivable is comprised primarily of government grants.

Cash

The Task Force maintains its cash accounts with high credit quality national institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Amounts on deposit may, at times, exceed insured limits. The Task Force has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks. Amounts on deposit in excess of insured limits were approximately \$280,300 and \$367,500 at June 30, 2010 and 2009, respectively.

8. Pension Plan

The Task Force provides a simplified employee pension plan (the Plan) to its employees. The Plan provides, to all employees who have been with the Task Force for a minimum of two years, an annual contribution to an Individual Retirement Account (IRA) equal to 3%, for the first two quarters of the year and 5% for the last two quarters of the year of an employee's current gross eligible compensation. Contributions to the Plan were approximately \$75,000 and \$43,800 for the years ended June 30, 2010 and 2009, respectively.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

9. Fair Value Measurements

The Task Force adopted fair value measurement standards on July 1, 2008. The standard establishes a framework for measuring fair value, and expands disclosure about fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and lowest priority to unobservable inputs (Level 3 Measurements).

The three levels of the fair value hierarchy under the standard are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Valuation methodology inputs are unobservable and significant to fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As of June 30, 2010, all of the Task Force's investments are considered to be Level 1.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

10. Allocation of Joint Costs

During fiscal 2010 and 2009, the Task Force incurred costs related to the publication and mailing of its periodic newsletter; this newsletter includes requests for contributions, as well as program and management and general components. These costs are not specifically attributable to particular components of the activities (joint costs). These joint costs were allocated as follows for the years ended June 30:

<u>Expense Category</u>	<u>2010</u>	<u>2009</u>
Fund Raising	\$ 827	\$ 1,797
Program Services:		
Education	1,985	4,574
Primary Medical Care	3,144	2,287
Case Management	5,294	4,084
Mental Health	3,309	1,960
Food for Friends	331	327
Housing/Peer Support	1,158	817
Medication	496	490
Total	<u>\$ 16,544</u>	<u>\$ 16,336</u>

11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 28, 2010, and determined that no events occurred that require disclosure.

NO/AIDS TASK FORCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Disbursements/ Expenditures</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Public Health Service Centers for Disease Control and Prevention - HIV Prevention Programs and CBOS	93.939	\$ 354,615
Substance Abuse & Mental Health Services Administration Center for Substance Abuse Treatment	93.243	421,266
Health Resources and Services Administration Ryan White Part C Outpatient EIS Program	93.918	348,371
Public Health Service Office of Minority Health Family and Community Violence Prevention Program	93.910	149,260
<u>Pass through:</u>		
<u>Mayor's Office of Health Policy</u>		
Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93.914	3,564,479
Ryan White C.A.R.E. Act Title II Funds HIV Emergency Relief Formula Grants	93.917	302,023
Ryan White C.A.R.E. Act Title II Funds Part B HIV Emergency Relief Formula Grants	93.917	121,343
<u>Louisiana Department of Health and Hospitals</u>		
Office of Public Health - HIV/AIDS Services Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	255,754
Office of Public Health - HIV/AIDS Services HIV Behavioral Surveillance System Grant	93.944	247,702
Louisiana Public Health Institute Primary Care Access and Stabilization Grant	93.776	564,184
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
<u>Pass through:</u>		
<u>City of New Orleans Division of Housing and Neighborhood Development</u> Housing Opportunities for Persons with AIDS	14.241	730,601
<u>Unity for the Homeless</u> Housing Opportunities for Persons with AIDS	14.241	254,373
<u>Louisiana Department of Health and Hospitals</u> Office of Public Health	14.241	113,505
<u>Louisiana Department of Health and Hospitals</u> Office of Aging and Adult Services - Permanent Supportive Housing	14.218	628,649
<u>TOTAL FEDERAL AWARDS</u>		<u><u>\$ 8,056,125</u></u>

NO/AIDS TASK FORCE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Task Force and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The Task Force's federal awards are operated on a cost reimbursement basis whereby the Task Force applies for reimbursement of costs incurred in conjunction with program activities. During 2010, the Ryan White grants (except for Part C) were operated on units of service fee basis whereby the Task Force was compensated at fixed rates per units of service as provided for in the federal grant contracts. Additionally, the Permanent Supportive Housing grant is reimbursed at an hourly rate per staff team member as called for in the grant agreement. Accordingly, this schedule presents the revenues earned through the expenditure of funds awarded, costs expended and reimbursed, the reimbursement for units of service provided, and the reimbursement of hourly rates.

2. Major Programs

Major programs are identified in the Summary of Auditors' Results section of the Schedule of Findings and Questioned Costs.

3. Relationship to Financial Statements

Federal awards are included in the financial statements of the Task Force as follows:

Schedule of Federal Awards	\$ 8,056,125
340B Drug Pricing Program (non-federal)	3,746,258
Other (non-federal)	<u>264,414</u>
Total grants and contracts	<u>\$ 12,066,797</u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
NO/AIDS Task Force
New Orleans, Louisiana

We have audited the financial statements of NO/AIDS Task Force (the Task Force) (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Task Force's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Task Force's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Task Force's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, State of Louisiana Legislative Auditor's Office, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Nettens

Metairie, Louisiana
December 28, 2010



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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
NO/AIDS Task Force
New Orleans, Louisiana

Compliance

We have audited the compliance of NO/AIDS Task Force (the Task Force) (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The Task Force's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Task Force's management. Our responsibility is to express an opinion on the Task Force's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about Task Force's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Task Force's compliance with those requirements.

In our opinion, the Task Force complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Task Force is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Task Force's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Task Force's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or

combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, State of Louisiana Legislative Auditor's Office, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Nitterville

Metairie, Louisiana
December 28, 2010

NO/AIDS TASK FORCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified
Internal control over financial reporting:
Material weakness(es) identified: no
• Significant deficiency(ies) identified that are not
considered to be material weakness(es)? none reported
Noncompliance material to financial statements noted: no

Federal Awards

Internal control over major programs:
• Material weakness(es) identified: no
• Significant deficiency(ies) identified
that are not considered to be material
weakness(es)? none reported
Type of auditors' report issued on compliance for major programs: unqualified
Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133? no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.914	Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants
93.917	Ryan White C.A.R.E. Act Title II Funds Part B HIV Emergency Relief Formula Grants
93.918	Ryan White C.A.R.E. Act Part C Outpatient EIS Program
93.243	Substance Abuse and Mental Health Services
14.218	Community Development Block Grants Permanent Supportive Housing

Dollar threshold used to distinguish between type A
and type B programs: \$300,000
Auditee qualified as low-risk auditee? yes

2. Findings and questioned costs relating to federal awards: none

3. Financial Statements Findings: none